

## Constantino, Mike

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**From:** Kara Friedman [KFriedman@Polsinelli.com]  
**Sent:** Wednesday, October 27, 2010 11:47 AM  
**To:** Constantino, Mike  
**Cc:** 'Fred.Segovich'  
**Subject:** RE: Carle Foundation Hospital Alteration (08-013)

Mike,

You asked for further detail about the \$3,210,000 sum for the "Gifts and Bequests" source of funding line item. Of that sum, at this time, I understand that \$10,000 has been received and the permit holder has received commitments for an additional \$200,000. The remaining \$3,000,000 in that line item represents sums that the permit holder estimates it will receive in gifts and bequests in addition to the \$210,000 already secured. It has not yet received those sums, however.

I hope that is what you were looking for. Let me know if this information is not responsive.

Thanks,  
Kara

-Kara Friedman  
312-873-3639

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**From:** Kara Friedman  
**Sent:** Friday, October 08, 2010 12:55 PM  
**To:** 'mike.constantino@illinois.gov'  
**Cc:** 'michael.mills@illinois.gov'; 'Fred.Segovich'; 'bonnie.denny@carle.com'  
**Subject:** Carle Foundation Hospital Alteration (08-013)

Mike,

In follow-up to our conversation earlier this week, I wanted to confirm our discussion regarding the sources of funds items described in Attachment 7 of the Carle alteration request. Most specifically, you were inquiring about the figure that was contained in the "Other Sources of Funds" line items as well as the "Gifts and Bequests" line item.

With respect to the "Other Sources of Funds" item, as you saw, there is a footnote that explains that that item represents the book value of existing equipment that will be transferred from existing facilities over to locations that are part of the project. As I mentioned, the book value of existing equipment and the fact that it was being moved was described in the 2008 application. I can't recall why Carle didn't identify the source of funds for this equipment as "Other Sources of Funds" in the original application. In any case, the line item is now explained in the footnote in connection in the alteration request.

We also discussed the Gifts and Bequests line item. You noted there was no inclusion of a Gifts and Bequests line item amount in the original application. What I learned was that an amount wasn't necessarily omitted in 2008 because the Hospital didn't anticipate gifts and bequests. Rather, no gifts or bequests had been confirmed at the time of filing. Therefore, at that time, it was the judgment of the CFO to omit any reference to gifts or bequests from the Sources of Funds worksheet. That CFO is no longer with the system and the person in the Treasury Department who prepared the Sources of Funds worksheet in connection with the alteration request inquired with the Hospital's Development Office to find out what amount of gifts and bequests were anticipated for the project. While at this time the \$3,210,000 figure in the Gifts and Bequests line item is only an estimate, it represents the reasonable estimate of gifts and bequests for the project.

In our discussion about the uncertainty of the ultimate amount of Gifts and Bequests made for the project, you and I agreed that a permit holder generally and particularly one with an "A" bond rating (such as this permit holder) has some flexibility as to how it ultimately funds a CON permitted project. I asserted that, and I think that you agreed, based on the Board's rules, an "A" rated permit holder may adjust its sources of funding over the course of the project without Board approval or penalty as long as the overall funding does not exceed the permitted amount. I articulated that I thought it would make most sense to report those changes on an annual basis in the annual report rather than on an ongoing basis.

If you think we need to discuss this further, let me know. I have copied Mike Mills on this e-mail as he and I had a conversation after Carle filed its annual report about whether it is appropriate to adjust sources of funds over the course of time from one category to another.

Thanks for your time. I hope this information is what you needed. Let me know if you need anything else.  
-Kara

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